

infrastructure, the Exchange may invite, or even require, vendors to test their systems on the infrastructure and/or to migrate to it. The timing of such invitations or requirements will depend on the timing and success of the testing of the infrastructure.

The Exchange will continue to limit the size of each vendor's wireless data communications system during Phase III.

#### Phase IV

One Phase IV commences, the Exchange will have installed and tested the infrastructure, which would then be fully operational and will have moved its own wireless data communications system to the infrastructure. At that point, the Exchange will have commenced the production roll-out of the wireless data communications infrastructure and will have directed all vendors to migrate their systems to the infrastructure.

During Phase IV, the Exchange will permit all authorized vendors to offer their wireless data communications services (and the Exchange will offer its own system) to such number of members as their respective systems can accommodate. At that point, the Exchange anticipates that floor-based wireless data communications technology will be available to all members.

Terms and Conditions Applicable to Vendors and Members During Phase III and Phase IV

As in respect to Phase II, the Exchange reserves the right to limit the number of vendors that may provide wireless data communications systems on the floor during Phase III and Phase IV, based on the ability of the Exchange to maintain its regulatory oversight responsibilities in a satisfactory manner. In addition, as the Exchange gains experience with the use of wireless data communications technology on its floor, it may determine that additional restrictions, such as in respect of permissible transmissions or hardware, are warranted.

The Exchange anticipates that it will impose the same contract structure on vendors and members during Phase III and Phase IV as it will impose in Phase II. The continued use of Phase II contracts in the later phases will assure that vendors and members remain subject to regulatory, reporting and other applicable requirements in an uninterrupted manner.

#### Statutory Basis

The basis under the Act for the proposed rule change is the requirement

under Section 6(b)(5) that an exchange have rules that are designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, to protect investors and the public interest, and that are not designed to permit unfair discrimination between customers, issuers, brokers or dealers. In addition, the proposed rule change is based on the requirement under Section 6(b)(4) that an exchange have rules that provide for the equitable allocation of reasonable dues, fees and other charges among its members and other persons using its facilities.

#### *B. Self-Regulatory Organization's Statement on Burden on Competition*

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

#### *C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others*

The Exchange has neither solicited nor received written comments on the proposed rule change.

#### **III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

Within 35 days of the publication of this notice in the **Federal Register** or within such other period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve the proposed rule change, or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

#### **IV. Solicitation of Comments**

Interested persons are invited to submit written data, views and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street N.W., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule

change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying at the Commission's Public Reference Section, 450 Fifth Street N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of the NYSE. All submissions should refer to File No. SR-NYSE-95-22 and should be submitted by August 1, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.

**Jonathan G. Katz,**  
Secretary.

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BILLING CODE 8010-01-M

[Release No. 34-35925; File No. SR-PHLX-95-35]

#### **Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 to the Proposed Rule Change by the Philadelphia Stock Exchange, Inc., Relating to the Routing and Delivery of Broker-Dealer Orders in USTOP 100 Index Options Through the Automated Options Market System**

June 30, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on May 22, 1995, the Philadelphia Stock Exchange, Inc. ("PHLX" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization.<sup>1</sup> The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

#### **I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change**

Currently, only public customer orders are eligible for delivery through

<sup>1</sup> The PHLX amended its proposal to limit the scope of the proposed rule change to one index option, the USTOP 100 Index ("TPX"). See Letter from Gerald D. O'Connell, First Vice President, Market Regulation and Trading Operations, PHLX, to Michael Walinskas, Branch Chief, Office of Market Supervision, Division of Market Regulation, Commission, dated June 14, 1995 ("Amendment No. 1").

the Automated Options Market ("AUTOM") system, the PHLX's electronic order routing and delivery system for equity and index options. The PHLX proposes to amend its rules to allow the orders of PHLX member and non-member broker-dealers in USTOP 100 Index ("TPX") options to be routed and delivered through AUTOM and executed manually. The broker-dealer TPX options orders will not be eligible for AUTO-X, the automatic execution feature of AUTOM.

The text of the proposed rule change is available at the Office of the Secretary, PHLX, and at the Commission.

## II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.

### (A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The purpose of the proposal is to permit TPX orders for the accounts of broker-dealers to be delivered through AUTOM. AUTOM, which has operated on a pilot basis since 1988 and was most recently extended through December 31, 1995,<sup>2</sup> is an on-line system that allows

electronic delivery of options orders from member firms directly to the appropriate specialist on the Exchange's trading floor. Currently, public customer orders for up to 500 options contracts are eligible for AUTOM<sup>3</sup> and public customer orders for up to 25 contracts, in general, are eligible for AUTO-X,<sup>4</sup> the automatic execution feature of AUTOM.<sup>5</sup> AUTO-X orders are executed automatically at the disseminated quotation price on the Exchange and reported to the originating firm. Orders that are not eligible for AUTO-X are handled manually by the specialist. Under the proposal, broker-dealer TPX option orders will not be eligible for AUTO-X.

At this time, the PHLX proposes to permit broker-dealer TPX option orders to avail upon the Exchange's AUTOM system. The PHLX believes that extending AUTOM to broker-dealer TPX option orders will allow additional orders to benefit from AUTOM's prompt and efficient electronic order delivery and reporting. This, in turn, should add liquidity to the PHLX's marketplace for TPX options by encouraging broker-dealer orders who seek such automated order treatment. As noted above, AUTO-X will not be available for broker-dealer TPX orders; all such broker-dealer TPX orders will be handled manually by the specialist.

For these reasons, the PHLX believes that the proposal is consistent with Section 6(b) of the Act, in general, and, in particular, with Section 6(b)(5), in that it is designed to promote just and equitable principles of trade and to protect investors and the public interest

by extending the benefits of AUTOM to broker-dealer accounts.

### (B) Self-Regulatory Organization's Statement on Burden on Competition

The PHLX does not believe that the proposed rule change will impose any inappropriate burden on competition.

### (C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

No written comments were either solicited or received.

## III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reason for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (a) By order approve such proposed rule change, or
- (b) Institute proceedings to determine whether the proposed rule change should be disapproved.

## IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying at the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization. All submissions should refer to the file number in the caption above and should be submitted by August 1, 1995.

<sup>2</sup> See Securities Exchange Act Release No. 35183 (December 30, 1994), 60 FR 2420 (January 9, 1995) (order approving File No. SR-PHLX-94-41). See also Securities Exchange Act Release Nos. 25540 (March 31, 1988), 53 FR 11390 (order approving AUTOM on a pilot basis); 25868 (June 30, 1988), 53 FR 25563 (order approving File No. SR-PHLX-88-22, extending pilot through December 31, 1988); 26354 (December 13, 1988), 53 FR 51185 (order approving File No. SR-PHLX-88-33, extending pilot program through June 30, 1989); 26522 (February 3, 1989), 54 FR 6465 (order approving File No. SR-PHLX-89-1, extending pilot through December 31, 1989); 27599 (January 9, 1990), 55 FR 1751 (order approving File No. SR-PHLX-89-03, extending pilot through June 30, 1990); 28625 (July 26, 1990), 55 FR 31274 (order approving File No. SR-PHLX-90-16, extending pilot through December 31, 1990); 28978 (March 15, 1991), 56 FR 12050 (order approving File No. SR-PHLX-90-34), extending pilot through December 31, 1991); 29662 (September 9, 1991), 56 FR 46816 (order approving File No. SR-PHLX-91-31, permitting AUTO-X orders up to 20 contracts in Duracell options only); 29782 (October 3, 1991), 56 FR 55146 (order approving File No. SR-PHLX-91-33, permitting

AUTO-X for all strike prices and expiration months); 29837 (October 18, 1991), 56 FR 36496 (order approving File No. SR-PHLX-90-03, extending pilot through December 31, 1993); 32906 (September 15, 1993), 58 FR 15168 (order approving File No. SR-PHLX-92-38, permitting AUTO-X orders up to 25 contracts in all options); and 33405 (December 30, 1993), 59 FR 790 (order approving File No. SR-PHLX-93-57, extending pilot through December 31, 1994).

<sup>3</sup> See Securities Exchange Act Release No. 35782 (May 30, 1995), 60 FR 30136 (File No. SR-PHLX-95-30).

<sup>4</sup> Recently, the Commission approved a proposal increasing the maximum number of public customer orders in USTOP 100 Index options that are eligible for AUTO-X from 25 to 50 contracts. See Securities Exchange Act Release No. 35781 (May 30, 1995) (order approving File No. SR-PHLX-95-29).

<sup>5</sup> The Commission has approved a PHLX proposal to codify the use of AUTOM and AUTO-X for index options. See Securities Exchange Act Release No. 34920 (October 31, 1994), 59 FR 5510 (November 7, 1994) (order approving File No. SR-PHLX-94-40). In addition, the Commission has approved a PHLX proposal to codify the Exchange's practice of accepting certain order for AUTOM and AUTO-X. See Securities Exchange Act Release No. 35601 (April 13, 1995), 60 FR 19616 (April 19, 1995) (order approving File No. SR-PHLX-95-18).

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>6</sup>

**Jonathan G. Katz,**

*Secretary.*

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BILLING CODE 8010-01-M

[Rel. No. IC-21181; No. 812-9514]

**Hartford Life Insurance Company, et al.**

June 30, 1995.

**AGENCY:** Securities and Exchange Commission ("SEC" or "Commission").

**ACTION:** Notice of Application for an Order under the Investment Company Act of 1940 ("1940 Act").

**APPLICANTS:** Hartford Life Insurance Company ("Hartford"), ITT Hartford Life and Annuity Insurance Company ("ITT-Hartford") (collectively, "Companies"), Separate Account VL-II of Hartford ("Account VL-II"), Separate Account VL III of ITT-Hartford ("Account VL-III") (collectively, "Separate Accounts"), any future separate accounts ("Future Accounts") of the Companies offering variable life insurance contracts ("Future Contracts") that are materially similar to the last survivor flexible premium variable life insurance contracts ("Contracts") offered by the Separate Accounts, and Hartford Equity Sales Company ("HESCO").

**RELEVANT 1940 ACT SECTIONS:** Order requested under Section 6(c) for exemptions from Sections 27(a)(3) and 27(c)(2) of the 1940 Act and Rules 6e-3(T)(b)(13)(ii) and 6e-3(T)(c)(4)(v) thereunder.

**SUMMARY OF APPLICATION:** Applicants seek an order to permit the issuance of the Contracts in which: (1) Premium payments attributable to the basic face amount in excess of the target premium and any premium payments attributable to the supplemental face amount may be subject to a lower sales load when compared to a subsequent year's premium payment attributable to the basic face amount up to the target premium; and (2) a deduction is made from premium payments of an amount that is reasonably related to the Companies' increased federal tax burden resulting from the application of Section 848 of the Internal Revenue Code of 1986, as amended ("Code").

**FILING DATE:** The application was filed on March 3, 1995.

**HEARING OR NOTIFICATION OF HEARING:** An order granting the Application will be issued unless the Commission orders a

hearing. Interested persons may request a hearing by writing to the Commission's Secretary and serving Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on July 24, 1995, and should be accompanied by proof of service on Applicants in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the requestor's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the Secretary of the Commission.

**ADDRESSES:** Secretary, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549. Applicants, c/o Rodney J. Vessels, Esq., Counsel, ITT Hartford Life Insurance Companies, 200 Hopmeadow Street, Simsbury, Connecticut 06089.

**FOR FURTHER INFORMATION CONTACT:** Yvonne M. Hunold, Assistant Special Counsel, or Wendy Finck Friedlander, Deputy Chief, at (202) 942-0670, Office of Insurance Products (Division of Investment Management).

**SUPPLEMENTARY INFORMATION:** The following is a summary of the application; the complete application is available for a fee from the Commission's Public Reference Branch.

**Applicants' Representations**

1. Hartford, a Connecticut stock life insurance company, offers life insurance in all states and the District of Columbia. Hartford is indirectly wholly owned by Hartford Fire Insurance Company, a subsidiary of ITT Corporation.

2. ITT-Hartford, a Wisconsin stock life insurance company, offers life insurance and annuities in all states, except New York, and in the District of Columbia. ITT-Hartford is a wholly owned subsidiary of Hartford.

3. Account VL-II was established by Hartford as a separate account under the insurance laws of Connecticut. Account VL-III was established by ITT-Hartford as a separate account under the insurance laws of Wisconsin. The Separate Accounts have filed registration statements to register as unit investment trusts under the 1940 Act. Registration statements also have been filed under the Securities Act of 1933 in connection with the offering of the Contracts by the Separate Accounts. Each Separate Account presently is comprised of twenty-two sub-accounts ("Sub-Accounts"), which invest exclusively in certain open-end

management investment companies or series of such companies ("Funds").<sup>1</sup>

4. HESCO is the principal underwriter for the Contracts and for other variable insurance contracts issued by the Companies' other separate accounts. HESCO is registered as a broker-dealer under the Securities Exchange Act of 1934.

5. The Policies are last survivor flexible premium variable life insurance contracts that provide for allocation of premium payments to the Sub-Accounts or to a fixed account. The cash value and the death benefit under the Contracts may fluctuate depending on the investment experience of the Sub-Accounts. There are three Death Benefit Options, which are payable at the death of the last surviving insured: (a) face amount; (b) face amount plus account value; or (c) face amount plus a return of premiums. The minimum death benefit is equal to the account value multiplied by a specified percentage, which varies according to certain conditions. The Contracts will not lapse if the cash surrender value is sufficient to cover monthly fees and charges deducted from account value or the death benefit guarantee is in effect.

6. Certain fees and charges are deducted under the Contracts, including a premium expense and processing charge and a state premium tax charge as well as monthly issue charges, administrative charges, insurance charges, charges for optional rider benefits, charges for extra mortality risks, and a charge for mortality and expense risks. In addition, Applicants propose to deduct from premium payments a front-end sales load and a charge equal to 1.25% of each premium payment to cover the estimated cost of the federal income tax treatment under Section 848 of the Code, commonly referred to as the "DAC Tax," both of which are discussed below.

<sup>1</sup> The Funds include: (1) the Hartford Funds—Hartford Advisers Fund, Inc., Hartford Aggressive Growth Fund, Inc., Hartford Bond Fund, Inc., Hartford Dividend and Growth Fund, Inc., Hartford Index Fund, Inc., Hartford International Opportunities Fund, Inc., Hartford Mortgage Securities Fund, Inc., Hartford Stock Fund, Inc., and HVA Money Market Fund, Inc., which are managed by Hartford Investment Management Company; (2) The Putnam Funds—PCM Diversified Income Fund, PCM Global Asset Allocation Fund, PCM Global Growth Fund, PCM Growth and Income Fund, PCM High Yield Fund, PCM Money Market Fund, PCM New Opportunities Fund, PCM U.S. Government and High Quality Bond Fund, PCM Utilities Growth and Income Fund, and PCM Voyager Fund, which are managed by the Putnam Management Company, Inc.; and (3) the Fidelity Funds—the Equity-Income Portfolio, Overseas Portfolio and Asset Manager Portfolio, which are managed by Fidelity Management & Research Company.

<sup>6</sup> 17 CFR 200.30-3(a)(12) (1994).